

DECLARATION OF INCOME AND ASSETS AND STATE RESIDENCY INSTRUCTIONS COMMUNITY OPTIONS PROGRAM (COP)

NOTE: Individuals who are eligible or will be found eligible for SSI or Medicaid are subject to the Waiver Mandate unless exempted. See COP Manual, Chapter 2.04 (L). This declaration must be completed and signed at the time of application and every six months thereafter for persons who have a cost-share. It must also be updated when changes in household income, assets or reportable expenses occur. For all others, review annually.

PART I – RESIDENCY [(46.27 (6r) (e))] (Complete Part I at application only).

The residency requirement for COP (100% State) funding is met if the answer is “Yes.” If residency is not established for COP (100% State) funding, refer to Economic Support for Medicaid card eligibility screening. The six-month residency requirement **does not apply** in the following circumstances:

- When the applicant is funded with Medicaid waiver funding, or
- When the only services the applicant is seeking are an assessment and/or a care plan.

In all other cases residency must be established prior to receipt of COP (100% State) funds.

PART II – DIVESTMENT (46.27 (6u) (d))

When applicants are dually funded with COP (100% State) and community waivers, or are funded with community waiver funds only, refer all divestment cases to Economic Support. Note that transfers to a spouse are NOT divestments.

At application and/or at review, ask both of the following questions:

- Within 36 months prior to application (or review), has the applicant and/or the applicant's spouse disposed, given away, or transferred property, such as land, stocks, bonds, cash, etc.? This will include transfers of property to children, relatives or other persons,
and/or
- Within 60 months prior to application (or review), was a trust established or were funds added to a trust? Exception: exempt funeral trusts listed on page 5. Also, there are certain other types of trusts that do not constitute divestment. Consult with ESS.

If such action(s) has occurred, do the following:

- 1) Determine the penalty period. The penalty period is calculated by dividing the divested amount by the current nursing home average monthly private pay rate. In year 2006 the rate is \$5,584.
Example: Amount divested = \$60,000.
To find the penalty period divide $60,000 \div 5,584 = 10.74$
The penalty period is 10 months (decimals are disregarded).
- 2) Next, determine when the divestment occurred. For example, let's say that the applicant divested \$60,000 in June 2006.
- 3) Now count the months that have elapsed to date since the divestment first occurred. For example, if today's date is January 31, 2007, and the divestment occurred in June 2006, eight months have elapsed since divestment first occurred (you start counting the number of months beginning with the month divestment occurred).
- 4) Compare the penalty period (10 months) with the number of months that have elapsed since divestment occurred (eight months). In this example, two months remain before the divestment is completely cured. “Cured” means that the number of months that have elapsed since divestment first occurred exceeds the penalty period. Divestments that are cured are disregarded.
- 5) However, in our example, the divestment has not been cured. For each month that has elapsed since divestment occurred - eight months in this case - deduct the current monthly nursing home private pay average (\$5,584) from the total divested amount. In our example we deduct 44,672 ($5,584 \times 8$) from 60,000 to determine the amount of assets that we must still count in determining both the eligibility and the cost-share liability.
- 6) Therefore, $60,000 - 44,672 = 15,328$. The amount of assets we must include to determine financial eligibility and the cost-share liability is \$15,328. Do not include this amount at review.

If you have questions, consult with Economic Support to determine the dollar value of the divestment to be added in with the assets, or contact Rita Cairns, COP Financial Eligibility Specialist in the Bureau of Long-term Support (608-266-6891).

Do NOT count the value of a divested asset when:

- The divestment is “cured”
- The transferred asset has no current value, or
- The county determines that undue hardship would result to the person or to his/her family from a denial of financial eligibility or from including all or a portion of a transferred asset in the calculation of the cost-sharing amount (See policy on Adjustment to Prevent Hardship, attached).
- Other exceptions are listed in Appendix 4.7.4 of the Medicaid Eligibility Handbook. Consult with your county's Economic Support Specialist.

If the divested assets are returned to the applicant/participant, treat them as available assets for COP eligibility and cost-share determination.

PART III – INCOME AND ASSET INFORMATION**Verification**

Obtain verification for all financial information, court-ordered expenses and medically related expenses supplied in the completion of this form. This means that paycheck stubs, bank statements, award letters, passbooks, insurance documents, tax returns, funeral agreements, medical bills or receipts and any other written documentation of income and assets and reportable expenses should be reviewed. Where estimates or averages are used, they should be noted as such, however these should be verified before completing the COP Financial Eligibility Determination and the COP Cost-share Worksheet.

INCOME

- Use only the income of the person who is to receive COP (100% State) service funds.
- If both members of a couple are applying for COP (100% State) service funds, or are on COP, enter the income of both.
- If only one member of a couple is applying for COP (100% State) service funds, count only the income of the member who is applying.
- If one member of a couple is already on COP and the other one is applying, enter the income of both spouses.
- IF THE APPLICANT'S SPOUSE IS IN A NURSING HOME OR IS A MEDICAID WAIVER PARTICIPANT, CONSULT WITH THE ECONOMIC SUPPORT SPECIALIST.
- If only a child is to receive COP funds, enter only the child's income.

Enter AVERAGE MONTHLY AMOUNTS. You may need to estimate annual income and divide that number by 12. Enter income as you anticipate it will be when the service plan is in effect. Estimating anticipated income will usually require that you use past income to make your projection.

MONTHLY EARNED INCOME (Box A, lines 1 and 2)

Earned income is income from **employment** (salary, wages, tips, etc.) or **self-employment** (farming, small business, etc.).

1. Gross income from employment (before-tax salary or wages). If the person works for another individual or company, a paycheck stub is a good source of information on gross earnings.
2. Gross income from self-employment (before-tax salary or wages). If earnings are from self-employment or farming and depreciation is claimed, add back depreciation to income. Refer to IRS Form 1040, Schedules C, E or F. If the person can show actual principal paid toward the depreciated property, subtract those principal payments from income.
3. The 65-½ deduction is now calculated directly on the worksheets. If both spouses are employed or self-employed, each spouse can claim the 65-½ deduction.

MONTHLY UNEARNED INCOME (Box A, lines 3 through 9)

Unearned income is income **other than** from employment or self-employment. Examples of unearned income include:

1. Net amount of Social Security **or** Social Security Disability **or** Railroad Retirement
2. SSI benefits
3. SSI-E
4. Veteran's Pension (**do not include** Aid and Attendance payments)
5. Pension/Annuities
6. Interest/Dividend Income if over \$20 per month (check with ESS about exemptions)
7. Examples of Other Income:
 - Public Assistance (such as General Relief, **but do not count** Rental Assistance)
 - Net rental income (after adding back depreciation and subtracting actual principal paid)

- Net royalty income
- Income from Trusts or Estates
- Payments from land contracts and other installment sales
- Workman's Compensation
- Unemployment Compensation
- Spousal Maintenance (Alimony), Child Support, Family Support and other court ordered payments **received** by the applicant
- Educational Grants given for living expenses (but do not count educational loans)

DO NOT COUNT THE FOLLOWING TYPES OF INCOME:

- Income tax refunds
- Foster-care payments (child foster care payments or adult family home payments)
- Adoption subsidies paid to the family by the Division of Children and Family Services
- Payments received to purchase a service (e.g., day care, supportive home care, respite)
- Title V wages
- Aid and Attendance from VA
- Rental assistance
- Exempt interest and dividends (consult with ESS)

ASSETS

- For single individuals, obtain assets for the applicant only.
- For married individuals, at initial application or at an initial six-month review, obtain the combined assets for both, even when only one spouse is applying.
- For married individuals, at the yearly review and thereafter:
 - 1) if only one spouse is on COP, obtain only the assets of the spouse on COP
 - 2) if both spouses are on COP, obtain the assets for both.

IMPORTANT! SPOUSAL IMPOVERISHMENT ASSET PROTECTIONS

Spousal impoverishment protections apply when there is a community spouse. The community spouse resource allocation (CSRA) is based on the first day of continuous institutionalization (i.e. institutionalization lasting 30 or more days), **or on the date the couple initially requests COP and/or community waiver services**—whichever is earliest.

When COP program funding is not available at the time of service request, the couple should be advised to keep good records to verify assets owned on the date of initial request. In general, this will enable the community spouse to have an asset allocation based on a higher asset level. Another option would be to refer the couple to Economic Support for an asset assessment.

Spousal Impoverishment asset allocations are listed on the **initial** financial eligibility determination worksheet for a married couple (Form COP-M/2). Remember that when **both** members of a couple apply for COP, they are considered each other's community spouse during the first year of their individual application. During the first year, each spouse can allocate income and/or assets to the other under spousal impoverishment rules.

AFTER 12 MONTHS from the date of each initial application, if both spouses continue to be on COP, count all remaining assets, except for a \$2000 individual allowance for each, or \$4000 total (as instructed on line 2 of Form COP-M/2 YR 1 +). **However, the spousal income allocation can continue indefinitely after 12 months. Income allocated to a spouse is counted as available income for that spouse. Follow income allocation instructions contained in the COP Cost-share Worksheets.**

For COP (100% State) funding purposes, just as in Medicaid, assets are either countable or non-countable. If you have questions consult with your local Economic Support Agency (or contact Rita Cairns, COP Financial Eligibility Specialist in the Bureau of Long-term Support at **608-266-6891**).

COUNTABLE ASSETS (this list is not all-inclusive)

1. Enter the amount of cash on hand as declared by the applicant
2. Enter the balance in the applicant's (and spouse's) savings account(s)
3. Enter the balance in the applicant's (and spouse's) checking account(s)
4. Enter the value of any IRA, but deduct any **penalty** amount for early withdrawal. **Do not count the IRAs of an ineligible spouse.**

- 5 Certificate of Deposit
- 6 Money Market
- 7 Other Assets, such as:
 - Countable trusts, including irrevocable burial trusts in excess of \$3000. For example, when someone owns a \$5000 irrevocable burial trust, exempt the first \$3000 and count the rest (also see next section to learn which burial trusts and or other funeral expenses are exempt)
 - Stocks and Bonds
 - Money owed to the applicant
 - Any property **not used** as a homestead
 - Any property **not used** in a farm operation or for a business operation
 - Annuities (consult with ESS to determine if the particular annuity is a countable asset). Information on annuities can be found in the Medicaid Eligibility Handbook beginning with Section 4.5.7.4 (annuities purchased before March 1, 2004, and annuities purchased after March 1, 2004, are treated differently).

NON-COUNTABLE ASSETS (this list is not all-inclusive)

- Homestead property. The homestead is an exempt asset as long as the person resides in it or, if institutionalized, intends to return to it. There is no time limit for an intended return. For a person who is institutionalized, the home is also exempt if the spouse or a dependent relative lives in it.
- Property used as a farm or business operation
- Rental property (however, you do count the income from rental property as instructed under the income section)
- Value of one vehicle
- Personal possessions and home furnishings
- Cash value of one life insurance policy with face value of \$1500 or less. If the face value is more than \$1500, count the net cash value.
- Irrevocable burial trust up to \$3000 for the applicant and for each specified family member
- **Prepaid** burial space/items **in any amount** for the applicant and for each specified family member (burial plots, caskets, vaults, crypts, mausoleums, urns, and other repositories customarily used for the remains of deceased persons, headstones, markers, plaques and arrangements for opening and closing the gravesite).
- One \$1500 separately identifiable burial fund that is revocable. However, the amount that may be held and not be counted in this type of burial fund is reduced, dollar for dollar, by the amount held in an irrevocable burial trust and/or by the face value of **any** whole life insurance policy (including policies with face value of less than \$1500).
- Insurance funded burial arrangement for the insured person's funeral expenses if it includes language that says it is irrevocable **and** it states that all of the proceeds must be used for funeral expenses **and** the named beneficiary signs a statement that s/he understands and accepts these conditions.
- Certain annuities purchased before March 1, 2004, are non-countable assets during the accumulation phase (see Medicaid Handbook Section 4.5.7.4.2). Consult with ESS.

PART IV – EXPENSES

1. IMPAIRMENT RELATED WORK EXPENSES (IRWEs)

Count only expenses related to the client's impairment and his/her employment. The expenses cannot be of the type that a similar worker without a disability would have, such as uniforms. Some examples of IRWEs are: modified audio/visual equipment, typing aids, specialized keyboards, prostheses, reading aids, etc. The expense must be out-of-pocket. Do not count expenses used as IRWEs again under medical/remedial expenses (count only **once**).

2. COURT ORDERED EXPENSES

Note: If the participant's support or maintenance obligation is based on a participant's former ability to pay, the agency could advise the participant to seek a review of the support order.

- Enter monthly court-ordered child/family support paid by the applicant.
- Enter monthly court-ordered maintenance or alimony paid by the applicant.
- Enter the applicable court-ordered fees and indicate the type: attorney fees, guardian fees, guardian *ad litem* fees.
- Entered **any** court-ordered expenses (specify type)

3. OUT OF POCKET MEDICAL/REMEDIAL EXPENSES

Medically related expenses should be interpreted broadly. Include only out of pocket expenses. Do not include expenses covered by a third party such as private health insurance, Medicare and Medicaid, or those that will be paid

by COP. List the **average monthly** amount(s) for the following allowable expenses **not covered by another payer** (this is a partial list):

- Health insurance premiums
- Hospital bills not covered by a third party
- Over the counter medications including analgesics, antacids, cold/sinus/allergy medications, cough suppressants, laxatives, antidiarrheals, eye drops, vitamin/mineral supplements, etc.
- Medical supplies and equipment such as: rubbing alcohol, swabs, antiseptic creams, incontinence products, enema supplies, catheter sets and components, gloves, masks, syringes and needles, ostomy supplies, and reusable supplies including bedpans, thermometers, stockings and braces, etc.
- Medicaid Assistance co-payments paid by the applicant for medications, medical supplies and medical services
- Regular monthly payments toward outstanding medical bills (dentist, doctor, clinic, hospital or nursing home bills)
- Prescription medications
- Durable medical equipment rental and purchase payments
- Payments to care providers
- Transportation costs related to accessing medical care or treatment
- Special dietary supplies including nutritional supplements recommended by the physician, dietician or other qualified professional. Also includes artificial sweeteners, salt substitutes, etc.
- Vision products not covered by Medicaid or another payment source, including lenses, frames, prescription sunglasses, contact lenses and associated cleaning supplies, etc.
- Home modifications
- Clothing modifications (velcro fasteners, etc.), adaptive clothing purchases
- Excess energy costs related to a medical condition
- CBRF payments, if the participant has pre-paid some expenses. Count only the personal care and supervision portion.
- Loan or credit card payments for allowable medical/remedial expenses (See WaiverWise technical assistance document, Vol. II, Issue # 7, titled: "Credit Card or Loan Debt as Medical Remedial Expenses").
- Medical remedies prescribed or recommended by a practitioner of the healing arts when the practitioner is state licensed or certified to practice in Wisconsin or in another state.

4. OTHER EXPENSES

Here list other **non-medically related expenses** that the county allows under its COP Plan to further reduce an individual's cost-share liability. Some examples include: property taxes, special clothing needs, specialized non-work/non-medically related transportation, etc. In situations where the cost share formula does not address or does not account for unusual expenses of the client or the family, the agency director or that person's designee may adjust the cost share amount downward to prevent hardship to the family. The most appropriate way to justify such an adjustment involves looking at total financial resources and obligations (See Form DDE-9323 – Hardship Policy / Hidden Assets).

PART V – SIGNATURE AND DATE

The declaration shall be signed and dated by the applicant or by a legal representative at application, or at review or whenever a reportable change occurs.

The applicant or the legal representative should receive:

- The most recent copy of Wisconsin's Medicaid Estate Recovery Program booklet (PHC-13032). This booklet can be obtained in bulk by ordering with DMT-25 from: Forms Center, 1 West Wilson, Room B383, Post Office Box 7850, Madison, WI 53707, or it can be downloaded at: <http://dhfs.wisconsin.gov/medicaid1/recpubs/erp/phc13032.htm>
- A copy of the brochure entitled "Understanding Liens and Estate Recovery," (PDE-3165) is also available from the Forms Center.

When the application is signed by a legal representative, indicate the legal authority (Guardian, Conservator, DPOA for finances, etc.).